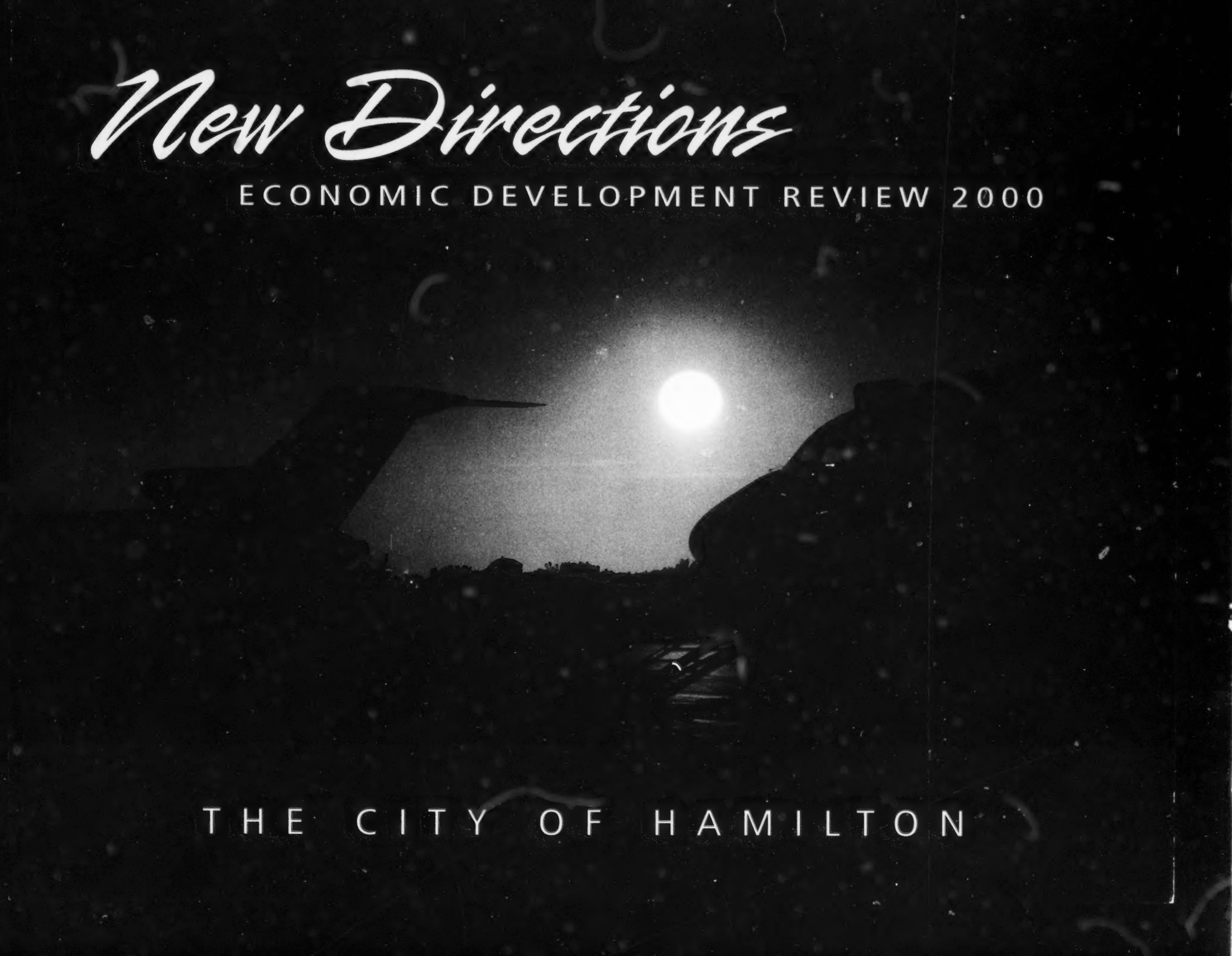
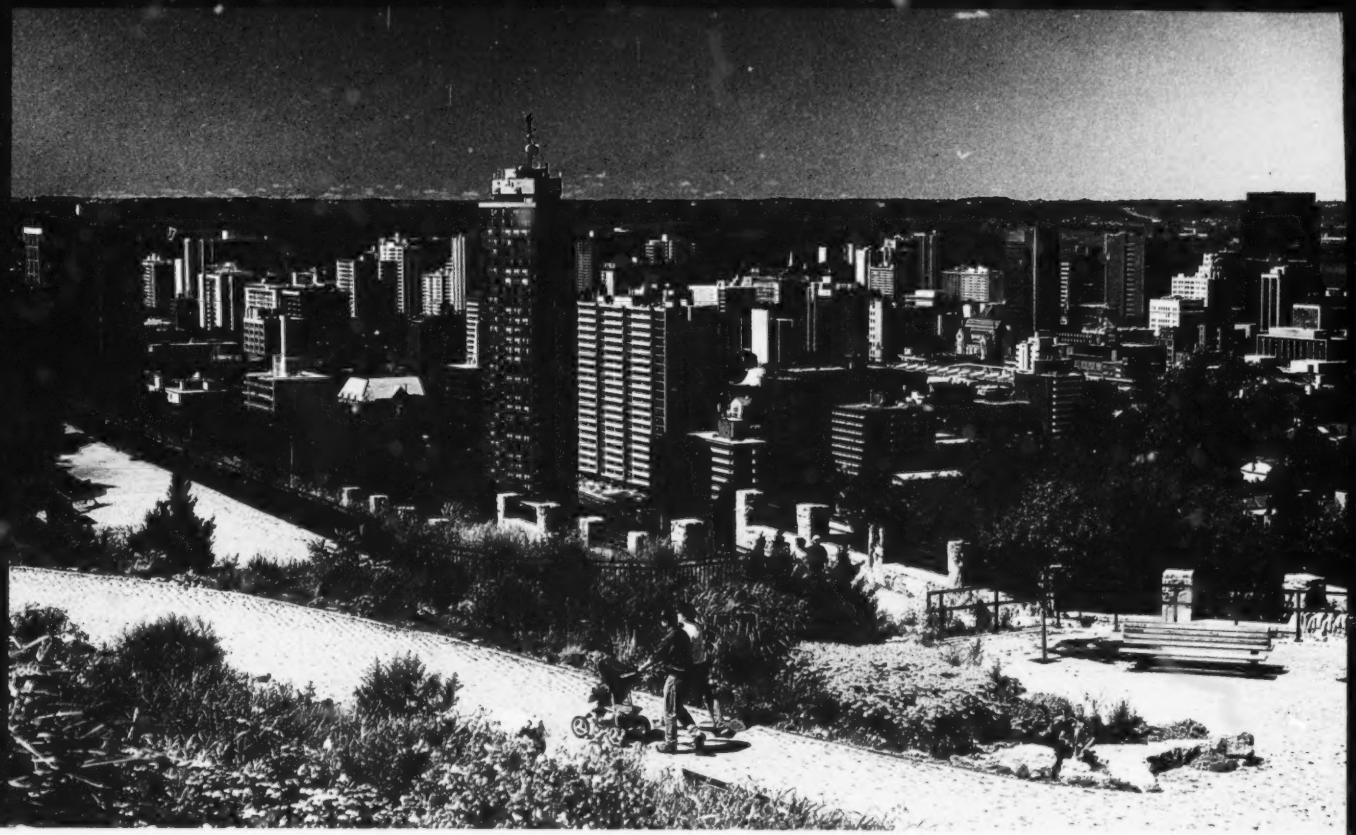
New Directions

ECONOMIC DEVELOPMENT REVIEW 2000



THE CITY OF HAMILTON

ON OUR COVER:
A new day dawns at the John C. Munro Hamilton International Airport.



DESIGN/LAYOUT:
BRASH Publishing Inc.
PHOTOGRAPHY:
Dennis R. McGreal

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104-00335/

EXECUTIVE SUMMARY

The year 2000 was one of transition for the communities that made up the Regional Municipality of Hamilton-Wentworth. The Region and its six local municipalities (Ancaster, Dundas, Flamborough, Glanbrook, Hamilton, Stoney Creek) amalgamated and became the new City of Hamilton (population 468,000) on January 1, 2001.

It is clear that the transition did not hinder or compromise investment activity. In fact, the year 2000 saw close to a half billion dollars of building permit activity, up over 22 per cent from 1999. A significant part of this increase can be attributed to a number of new large-scale developments, including the Stoney Creek Decor Centre, Tiercon's 290,000-square-foot autoparts facility and McMaster University's $30 million Student Centre.

The John C. Munro Hamilton International Airport set record passenger and cargo levels in 2000, continuing to show its potential as the City's new economic development engine.

Downtown revitalization gained momentum with the announcements of a number of large convert-to-rent projects and the establishment of various triple A office tenants, including Great-West Life and American Express.

A plan to promote the re-use of brownfield properties, aptly known as Environmental Remediation and Site Enhancement (ERASE), was also developed in 2000, with implementation to follow in the spring of 2001.

We invite you to read our Economic Review, highlighting our successes in 2000, as we look ahead to another strong and prosperous year in the new City of Hamilton.

GENERAL ECONOMIC INDICATORS

ACTIVITY	1996	1997	1998	1999	2000
Bankruptcies[1]					
Business	175	142	159	150	112
Consumer	1,541	1,794	1,590	1,493	1355
Building Permits[2]					
(Total Value in Millions)	301	353	440	370	480
Canadian Bond Rating[3]	AA+	AA+	AA+	AA	AA
Housing Starts[4]	1,633	1,991	1,848	1,923	1,556
Housing Completions[5]	1,713	1,894	1,834	1,878	1,786
Regional Taxable Assessment ($Millions)[6]					
Residential	927	937.5	19,461a	19,687	20,003
Commercial/Industrial	498.1	488.5	3,936a	3,928	3,979
Total	1,425.1	1,426.3	23,397a	23,616	23,982
% Commercial/Industrial	35	34.3	16.83	16.63	16.59
Regional Tax Levies ($Millions)[7]					
Total Levies	175.1	180.1	299b	294	295.5
Regional Welfare Assistance[8]					
Beneficiaries	22,836	21,624	21,271	34,289c	28,016
Caseload	12,708	11,429	10,661	13,968c	12,377
Unemployment Rate (Hamilton CMA)[9]	7.4	6.5	5.2	4.9	5.0

[1] Industry Canada, Office of the Superintendent of Bankruptcy

[2] Area Municipal Building Departments

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[a] Assessment (Stated in $Billions)

[b] Downloading: the regional tax levy now reflects the impact of the down-loading of Provincial services, previously funded from Provincial income tax, to the property tax bill

[c] In 1999, the municipality assumed responsibility for the former Family Benefits Allowance. Caseload of over 5,000 single parent families were moved to Ontario Works

DEMOGRAPHICS & STATISTICS

	1996 Population	Area (sq. km.)	Average Total Income 15 yrs & over	Working Population 15 yrs & over	Private Occupied Dwellings	Average Value Of Owned Private Dwelling
Ancaster	23,403	174.55	37,809	12,275	7,545	232,949
Dundas	22,125	24.20	32,546	11,815	8,500	175,127
Flamborough	34,037	489.90	31,072	18,935	11,320	201,988
Glanbrook	10,564	202.74	28,222	5,355	3,485	175,119
Hamilton	322,352	122.99	23,473	147,525	129,395	137,151
Stoney Creek	54,318	98.60	27,328	27,600	18,170	175,047
New City of Hamilton	**466,799**	**1,112.98**	**30,075**	**233,505**	**178,415**	**182,897**

Source: Statistics Canada, 1996 Census Data

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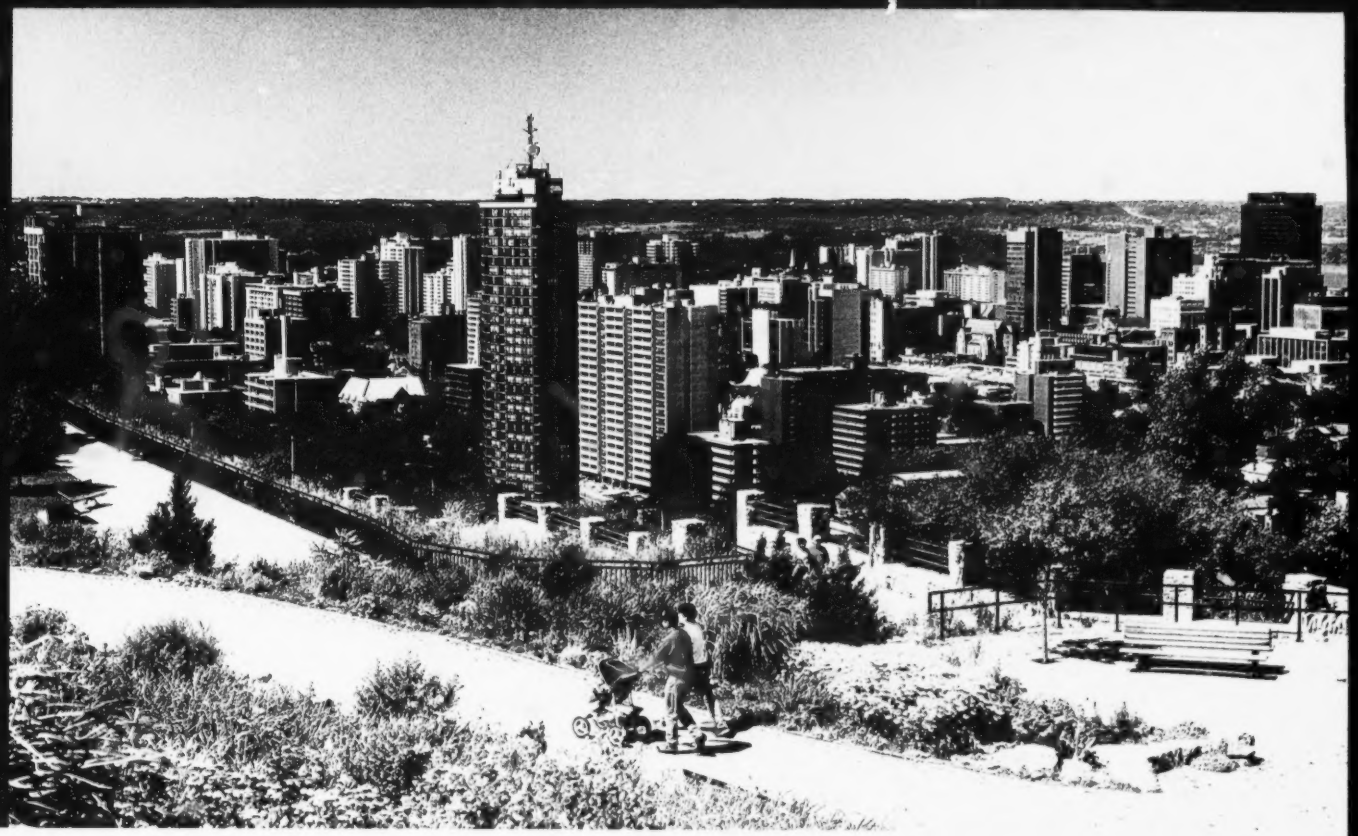

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Source: Statistics Canada, 1996 Census Data

BUILDING HIGHLIGHTS

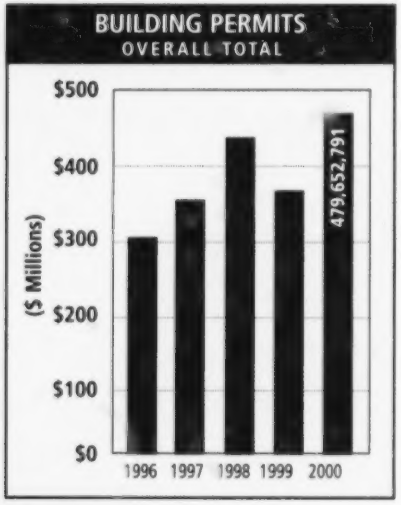
BUILDING PERMITS (IN DOLLARS)
OVERALL VALUE OF CONSTRUCTION TRENDS IN HAMILTON

	1996	1997	1998	1999	2000
Residential	184,605,321	221,443,463	226,013,908	244,559,404	233,207,740
Commercial	39,605,321	51,074,707	59,141,456	51,952,309	67,198,598
Industrial	32,053,197	39,200,541	77,837,647	39,323,242	63,467,437
Institutional	42,517,739	40,088,265	70,960,614	27,709,332	105,726,436
Agricultural	2,071,500	1,735,437	1,767,075	4,559,911	4,413,697
Miscellaneous			4,315,634	1,584,015	5,638,883
TOTAL	300,853,078	353,542,413	440,036,334	369,688,213	479,652,791

Source: Municipal Building Departments

Above: An artist's rendering of McMaster University's new $30 million, 158,348-square-foot student centre.

Right: Purolator Courier completed a 90,000-square-foot Air Hub and Sort facility – the largest project to date at the John C. Munro Hamilton International Airport.



2000 BUILDING PERMIT VALUES (IN DOLLARS)

	Residential	Commercial	Industrial	Institutional	Agricultural	Misc	Total
Ancaster	50,433,555	1,908,247	3,315,250	7,306,550	612,000	524,218	64,099,820
Dundas	14,663,103	621,800	450,000	2,582,200	-	-	18,317,103
Flamborough	32,802,037	4,274,500	3,658,400	12,434,346	3,059,897	-	56,229,180
Glanbrook	16,064,000	365,000	3,236,000	1,244,000	398,000	2,185,000	23,492,000
Hamilton	82,858,545	44,153,551	24,310,287	72,603,740	-	2,929,665	226,855,788
Stoney Creek	36,386,500	15,875,500	28,497,500	9,555,600	343,800	-	90,658,900
TOTAL	233,207,740	67,198,598	63,467,437	105,726,436	4,413,697	5,638,883	479,652,791

Source: Municipal Building Departments

INVESTMENT HIGHLIGHTS

➤ All Canada Express announced that it will be constructing a hangar/maintenance facility at the John C. Munro Hamilton International Airport in 2001 (see page 8 for more information).

➤ AMTS completed construction of a new 20,000-square-foot facility on Osprey Drive in the Ancaster Industrial Business Park. AMTS provides A coils, Air Handlers and Heat Pumps internationally.

➤ Brown Boggs completed an 11,000-square-foot expansion five years ahead of schedule on two acres of land in the Ancaster Industrial Business Park. Brown Boggs is a punch-press manufacturer.

➤ Canadian National (CN) announced an investment of $6 million for a new 44,000-square-foot steel transfer centre in Hamilton (see page 9 for more information).

➤ Canadian Tire completed the construction of a 190,000-square-foot store in Ancaster. The store is on 8.11 acres at the First Professional Management site located at Wilson Street and Highway 2.

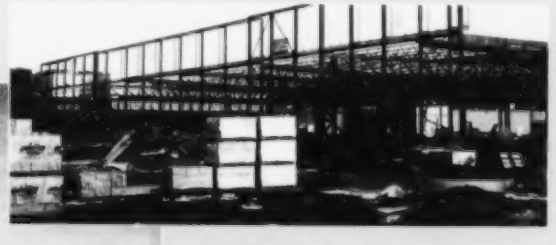
➤ Canreg Inc. completed construction of a 12,000-square-foot building on two acres of land in the Flamborough Techpark. Canreg is a pharmaceutical consulting firm which provides assistance with drug and device registrations in Canada, the United States and overseas.

➤ Canadian Curtis Refrigeration Inc. began construction on a new 51,770-square-foot manufacturing facility located on Arvin Avenue in Stoney Creek.

➤ Euroline Custom Cabinets completed a 32,000-square-foot manufacturing facility in Flamborough's Techpark.

Construction is under way for the Frito Lay/Pepsi Co. distribution warehouse in the Ancaster Industrial Business Park.

More Growth In Store For Fortinos



➤ Fortinos opened a new 93,303-square-foot grocery store on 16.14 acres of land at Upper Centennial Parkway and Highway 53 (left). Construction is also under way on a 90,000-square-foot store at Eastgate Square (above).

➤ Frito Lay/Pepsi Co. purchased 7.5 acres of land in the Ancaster Industrial Business Park and began construction on a 36,000-square-foot distribution warehouse.

➤ Kubes Steel completed construction of a new 26,669-square-foot facility located on Arvin Avenue in Stoney Creek. Kubes Steel is a custom steel fabricator.

➤ Lakeport Beverage Company invested $5 million in new automated blending equipment at its Burlington Street East plant in Hamilton. The investment is expected to improve the plant's production capacity and overall productivity. The company produces its own beer brands and also makes and packages mixed beverages for clients under service contracts.

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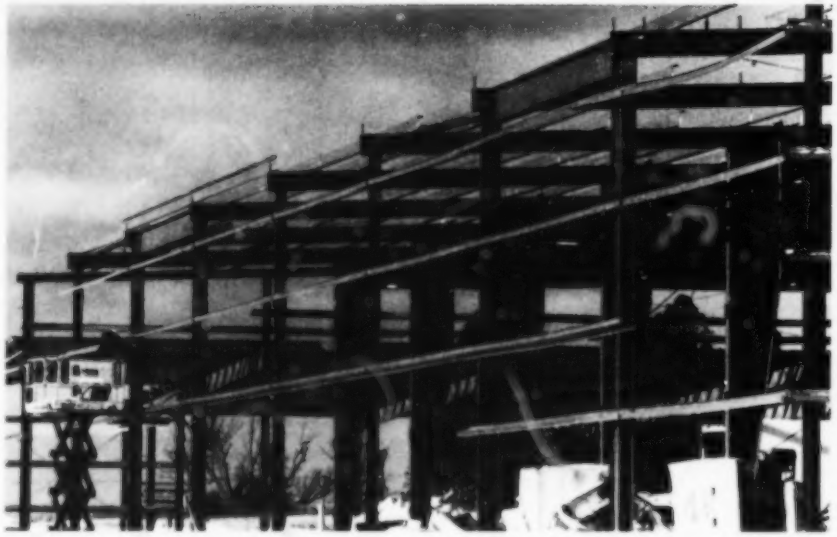

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INVESTMENT HIGHLIGHTS

Steelcare Warehouse

Lime Ridge Mall Project

▶ Lime Ridge Mall has started a three-phase, $45 million construction project. The first phase, which is scheduled to open in the early spring of 2001, will include Old Navy (25,000 square feet), Shoppers Drug Mart (11,000 square feet), Sport Chek (20,000 square feet), along with several other key tenants including Eddie Bauer, Jacob Annex, Urban Behaviour and Threadz. Subsequent construction phases will feature new flooring, lighting, elevator and escalators, the New Village Square and a revamped food court.

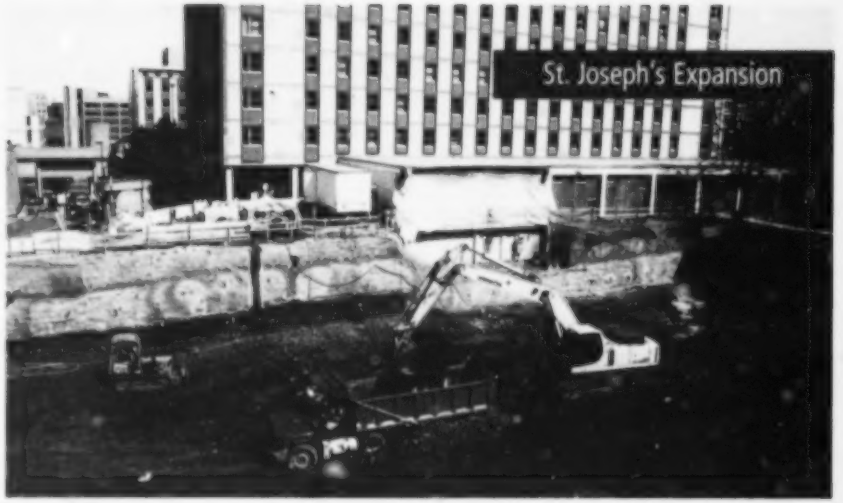
▶ McMaster University broke ground on a new $30 million University Centre. The new centre, the largest construction project undertaken in McMaster's recent history, will occupy 158,348 square feet.

▶ Mohawk College received $8.48 million from the provincial Superbuild Program to support the construction of a new Centre for Excellence in Advanced Information Technology. The Centre will house integrated state-of-the-art facilities for Computer Sciences, Electrotechnology, Building and Construction Sciences, Mechanical and Industrial Engineering and e-commerce Business Programs. The College also completed construction of its first student residence. Located on the Fennell Campus, the 342-bed residence will enhance the College's efforts to attract and retain out-of-town students.

▶ Orlick Industries finalized the acquisition of Aeropark, the City of Hamilton's 53-acre industrial park on Highway 6 (see page 8 for more information).

▶ Steelcare invested $14 million to develop a 171,000-square-foot warehouse and distribution centre on Canadian Pacific's property on Aberdeen Avenue in West Hamilton (see page 9 for more information).

Mohawk College Residence



➤ Stoney Creek Decor Centre completed construction of a 200,000-square-foot shopping centre on 14 acres at Lewis Road and the Queen Elizabeth Way in Stoney Creek. The state-of-the-art facility houses stores from 1,600 to over 20,000 square feet. In addition to the 24 retail stores, the centre has warehousing and full distribution facilities to store excess inventory and facilitate shipping to customers from all stores on-site.

➤ Tiercon Industries announced plans and began construction of a 290,000-square-foot plant on the South Service Road in Stoney Creek. The expansion will allow the Tier II auto parts supplier to meet production demand and consolidate its local operations at the new plant and at a 162,000-square-foot sister plant built and opened last year, also in Stoney Creek. Tiercon's head office will shift from Oakville to Stoney Creek and the company expects to add 400 new employees as a result of the expansion.

➤ St. Joseph's Healthcare announced it is investing $120 million in construction, renovations and new equipment on its Charlton Campus. Included is a 650-space parking garage on the south side of the campus and a 10-storey tower on Charlton Avenue to replace the two-storey Firestone building.

➤ Tocco Canada opened its first Canadian location at a new 8,000-square-foot facility in Stoney Creek. Tocco designs and produces induction coils and heat treating systems.

➤ United Rentals, North America's largest equipment rental company, is constructing a new 30,980-square-foot facility on the South Service Road in Stoney Creek.

➤ Vision Service Centre's 185,000-square-foot distribution warehouse is slated for development on 12.85 acres in the Ancaster Industrial Business Park. Construction is expected to begin in the spring of 2001.

Another Banner Year For The Port of Hamilton

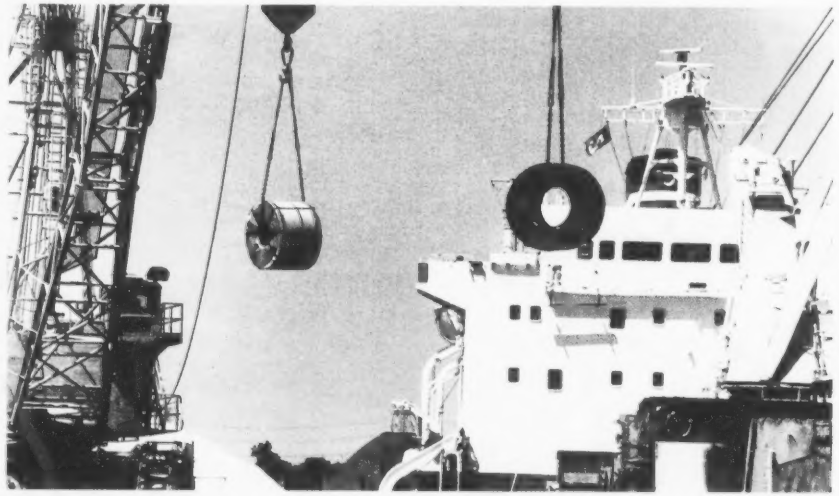
The year 2000 was another tremendous one for the Port of Hamilton, with total tonnage exceeding 12 million tonnes.

The Hamilton Harbour Commissioners' Eastport Marine and Industrial Park is strategically located along the Queen Elizabeth Way in the hub of Southern Ontario's manufacturing industry. This high-profile site offers some 2,300 feet of seaway draft frontage, provides rail connections to both CN and CP via RailTex, the shortline rail within the port and the bayfront, and offers convenient access to all major highways. Eastport Marine is an ideal facility for transportation service industries, distribution centres for the shipment of steel, food, agricultural, chemical, petroleum or manufactured products and dry or liquid bulk cargo terminals.

PORT OF HAMILTON

	1997	1998	1999	2000
Total Tonnage* -	**11,582,095**	**12,304,280**	**11,526,621**	**12,067,611**
Overseas Tonnage*	1,428,458	1,727,737	1,126,351	1,493,849
Domestic Tonnage*	10,153,637	10,576,543	10,400,270	10,573,762
Total Vessels -	**625**	**685**	**659**	**701**
Overseas -	142	165	147	192
Domestic -	483	520	512	509

* Metric Tonnes



WestJet Airlines was flying high in 2000, with record passenger movement and 102 flights per week by year's end.

John C. Munro Hamilton International Airport

A number of significant milestones were achieved at the John C. Munro Hamilton International Airport in 2000.

➤ Record total passengers movements (enplaned/deplaned): 243,205.

➤ Record total cargo shipped in metric tonnes was approximately 91,000.

➤ WestJet Airlines commenced scheduled jet service utilizing B737-200 series aircraft to eastern and western Canada. By year's end, WestJet was operating 102 flights per week.

➤ The airport received ISO 9002 status – one of only two airports in Canada to attain such status and international recognition.

➤ Parking Lot Expansion (Phase I) was completed at the airport, increasing capacity by 198 spaces.

➤ Air Canada announced plans to develop a low cost carrier, using the City of Hamilton as its eastern hub.

➤ Purolator Courier completed a 90,000-square-foot Air Hub and Sort facility – the largest project at the airport to date.

➤ All Canada Express is relocating their aircraft maintenance operation to Hamilton with an investment estimated at $10 million. Construction of the hangar/maintenance facility, which will be approximately 50,000 square feet, is planned for 2001.

➤ Orlick Industries completed the purchase of Aeropark, the City of Hamilton's 53-acre industrial park. Orlick intends to initially construct a 200,000-square-foot manufacturing facility at the Highway 6 location. Orlick Industries is a Tier 1 aluminum die cast auto parts manufacturer.

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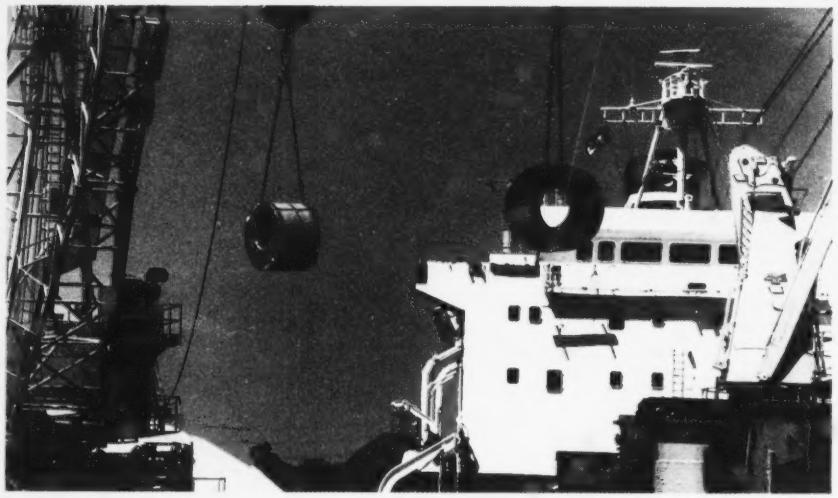

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- Parking Lot Expansion (Phase 1) was completed at the airport, increasing capacity by 198 spaces.
- Air Canada announced plans to develop a low cost carrier, using the City of Hamilton as its eastern hub.
- Purolator Courier completed a 90,000-square-foot Air Hub and Sort facility – the largest project at the airport to date.
- All Canada Express is relocating their aircraft maintenance operation to Hamilton with an investment estimated at $10 million. Construction of the hangar/maintenance facility, which will be approximately 50,000 square feet, is planned for 2001.
- Orlick Industries completed the purchase of Aeropark, the City of Hamilton's 53-acre industrial park. Orlick intends to initially construct a 200,000-square-foot manufacturing facility at the Highway 6 location. Orlick Industries is a Tier 1 aluminum die cast auto parts manufacturer.

Road Infrastructure

The New Highway 6

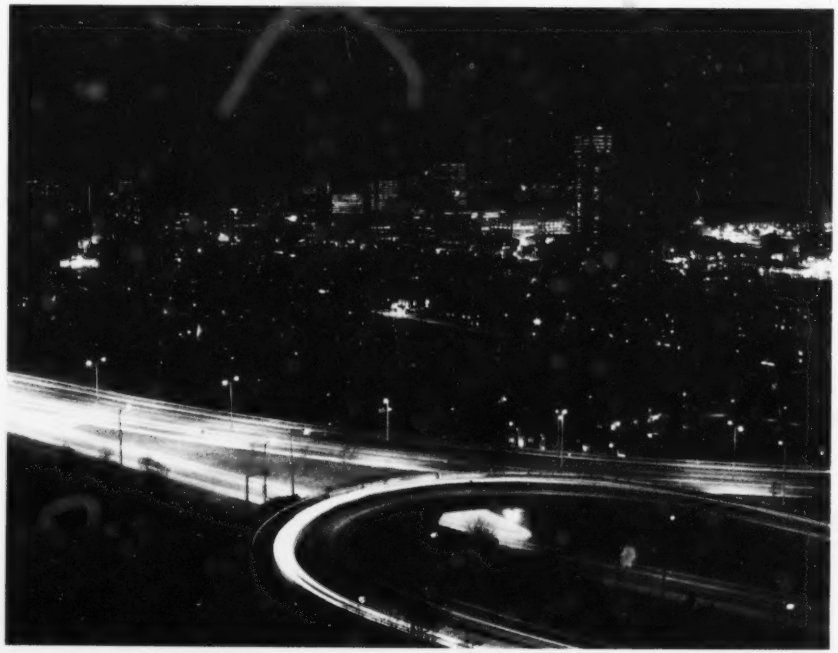
The provincial government has provided $33 million to build nine kilometres (first leg) of the new Highway 6, linking the John C. Munro Hamilton International Airport to Highway 403 in Ancaster. Construction has started and is slated to finish in 2004.

The Mid-Peninsula Corridor

The City of Hamilton, in conjunction with the Regional Municipality of Niagara, is participating in a study with the Ministry of Transportation to conduct the assessment of an additional transportation network that would connect the Niagara Peninsula to the City of Hamilton. This study will outline the technical need, justification and proponency for transportation improvements through the Niagara Peninsula.

Red Hill Creek Expressway

The projected start of the North-South section of the expressway is dependent on the outcome of a Federal government hearing. The expressway would connect the highly successful Lincoln Alexander Parkway with the QEW.



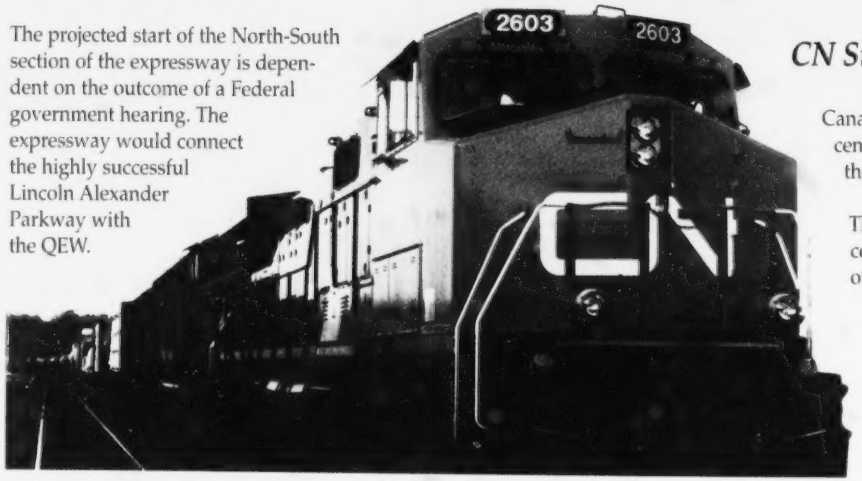
Steelcare Teams With Canadian Pacific

Hamilton's own Steelcare developed a 171,000-square-foot warehouse/distribution centre on Canadian Pacific's property just off Aberdeen Avenue in West Hamilton.

The $14 million facility features three drive-through truck lanes on the north side and two drive-through rail lines and truck lanes on the south side.

The drive-through rail is the first of its kind in Canada where an actual locomotive can go right through the building and spot 40 rail cars, 20 on each track.

The facility is capable of handling up to 1.5 million tons of rail Transload products in a given year. Steelcare owns the facility and has a land lease arrangement with Canadian Pacific.



CN Steel Transfer Centre

Canadian National (CN) announced an investment of $6 million for a new steel transfer centre in Hamilton. The investment will accelerate CN's plan to gain a significant share of the transportation market for sheet steel throughout North America.

The 44,000-square-foot centre will be adjacent to CN's main line and Dofasco Inc.'s central shipping department off Parkdale North. It will also be within 3.5 kilometres of Stelco Inc.'s main gate on Depew Street.

The majority of steel will move into the centre, where it will be transferred from rail car to truck and forwarded to local manufacturers for further value-added work. This initiative will convert over 1,000 long-haul-truckloads to local delivery. It should ease major highways congestion and help automobile flow at major border crossings.

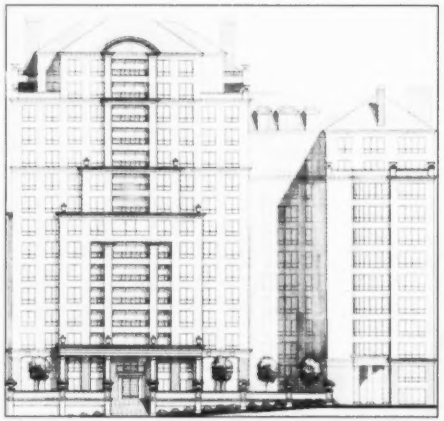
191 Luxury Condos Being Added To Core

Kitchener-based developer, BEAR INC. is undertaking the largest convert-to-residential project to date in the downtown core of Hamilton. The former Alexandra Square and Undermount office complex on James Street South is currently being converted into an upscale apartment complex consisting of 191 luxury condominium apartments. Features of this development include enclosed parking for 160 automobiles, individual heating and air conditioning per apartment, fully equipped exercise room, units wired for cable and high speed internet access and a concierge at the main entrance. The $25 million project is considered viable based on existing high occupancy levels in Downtown Hamilton.

Retrofit Will Create New Residential Units

For the past 40 years, 155 James Street South, has provided professional office space for legal, insurance, administrative services and medical practitioners. The building is currently being retrofitted to accommodate 90 new residential units. The ambitious development will convert the top 10 floors to apartment units. The housing stock will be directed toward seniors – probably in a condominium format – with part of the ground floor and second floor used for complementary commercial services. The entire facade of the building will be redone. As well, all mechanical and electrical systems, elevators, plumbing, etc. will be replaced at a cost of approximately $4 to $4.5 million.

Artist's renditions show two major downtown projects: a retrofit at 155 James Street South, right, and the Alexandra Square conversion to upscale apartments, below.



CityViews Project Part Of Downtown Revitalization

As part of an ongoing effort to revitalize the downtown core, the Hamilton Housing Company Limited is commencing Phase Two of CityPlaces. Phase Two, which is to be known as CityViews, involves the re-development of the property located at 207 – 213 King Street East in the International Village area. This follows the successful development of CityPlaces at King William and Walnut Street.

Re-development will involve demolition of the existing vacant, dilapidated buildings and replacement with a new three-storey, elevatored building. It will feature eight large, one-bedroom apartments (625 square feet to 655 square feet) on the second and third floors and approximately 2,000 square feet of commercial on the ground floor, with parking at the back of the building.

The eight, one-bedroom apartments will start off as market rentals in the range of $700 per month. The units will be attractive to singles and couples, empty nesters, seniors or those desiring a downtown lifestyle that offers easy access to transit and other amenities.

The downtown re-development project, which is estimated to cost $1 million, will create attractive buildings along Walnut Street from King William to King Street East and will also help continue to spur other developments from the private sector. The design is intended to complement the adjacent brick Victorian and neo-classical facades.

Getting Down To Business In The Core of Hamilton

American Express

American Express North American Business Travel Services contributed to the growth in Downtown Hamilton last year. AMEX opened the doors of a 16,500-square-foot operation at 100 King Street West. Initially hiring 38 employees, the AMEX operation has grown to more than 120 employees and the company is planning to continue expanding into 2001.

Great-West Life

Great-West Life renewed its commitment to Downtown Hamilton by signing a five-year lease and expanding its Southwestern Ontario Resource Centre to over 11,000 square feet at its King Street West location. Over 1,000 sales associates currently do business through Great-West's Southwestern Ontario Resource Centre, where a staff of 30 provides sales support. Located directly across the street, Great-West's Group Insurance, Disability Management Services and Group Retirement Services offices, utilize another 12,000 square feet of office space with about 65 staff members.
In total, Great-West has a $3 million lease commitment in Downtown Hamilton.

Bell Canada

Bell Canada officially opened its Hamilton xDSL Service Centre, located at Bell's newly renovated offices on Hunter Street.
The $1 million investment includes 50 new positions to support Bell's High Speed Internet Clients across Ontario.
The state-of-the-art service centre features the latest in network management technology which will allow the staff to remotely diagnose and resolve network issues relating to High Speed Internet products.

GT Group Telecom Inc.

Toronto-based GT Group Telecom Inc. is expanding its business into Hamilton. The company, which provides high-speed Internet and data services to business, will be investing over $11 million to provide telecommunications services in the City. Group Telecom currently has 17 employees at 499 King Street East and that number is expected rise as the business expands into Burlington, Oakville, and Stoney Creek. GT offers high-speed data, Internet applications and voice services to business via its fibre-optic network. The company will run the fibre network from its location to multi-tenant buildings in the downtown core.

The Canadian Institute of Dental Hygiene Inc.

The Canadian Institute of Dental Hygiene is the first private dental hygiene facility in Canada. The Downtown Hamilton location occupies over 16,000 square feet of totally renovated space. The facility features a student clinic with 18 operatories, five x-ray rooms, including panoramic, cephalometric and digital radiography, as well as an in-house library with state-of-the-art computers. CIDH currently employs 16 faculty and staff and this number is expected to double by October 2001.

Fluid Media Inc.

Fluid Media Inc. experienced considerable growth in 2000, substantially increasing its downtown studio space while adding two full-time and four part-time employees for a total of 14 staff. The company increased its Internet bandwidth by installing a fibre optic connection to the city-wide Fibrewired network. It also developed an alliance with a design firm in Atlanta, GA to provide interactive development services to its U.S. Fortune 500 clients. Fluid Media expects to roll out a new data centre to host client Web applications by mid-year 2001, representing a significant infrastructure investment, and plans to add new staff in its design and software development departments.

Federal Office Tower Among Other Projects

A combination of old and new will soon bring added life to the downtown core.

➤ A federal office tower will be built at Market and Bay streets. The building will house about 1,000 federal government employees, now working in several offices in the City. Hi-Rise Group Toronto Inc., owner of the property, will build and lease the space to the government. The nine-storey building is expected to be completed by the summer of 2003.

➤ In another move, the City of Hamilton and McMaster University reached an agreement whereby McMaster will lease the City's former courthouse in Downtown Hamilton for a 10-year period.

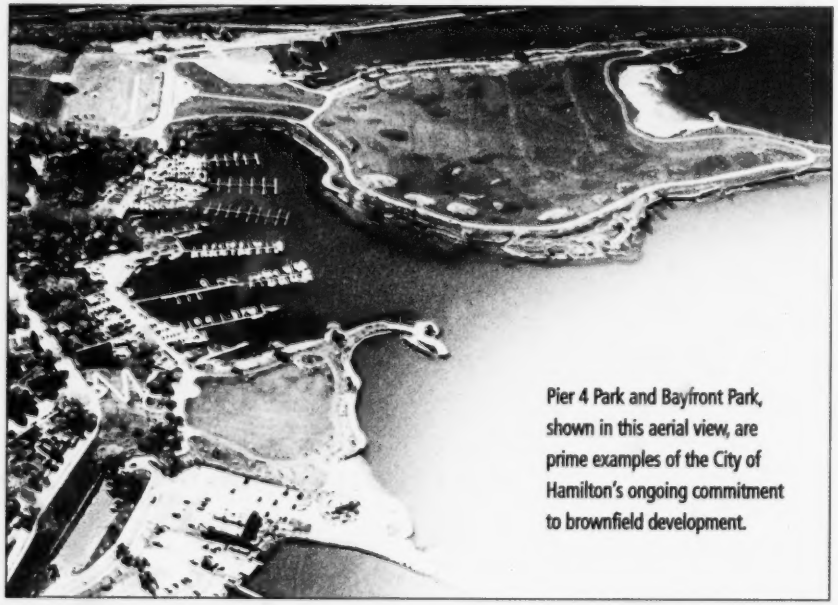
➤ The Landed Banking & Loan Company building (pictured below) at the corner of Main and James is receiving a facelift. For the past two years, the landmark building has been the home of Internet service provider NetAccess Systems Inc.

LIUNA Efforts

The historic CN Station on James Street North was given a new lease on life thanks to the efforts of the Laborers' International Union of North America (LIUNA) and the City of Hamilton's ongoing commitment to brownfield re-development.

LIUNA completed the conversion of the CN Station (pictured at right) and officially opened the LIUNA Station banquet centre/office space in the spring of 2000.

LIUNA is also constructing a $10 million, three-storey nursing home with 120 long-term care beds on Queen Street North. The former brownfield site was "cleaned up" in co-operation with the City of Hamilton.



Pier 4 Park and Bayfront Park, shown in this aerial view, are prime examples of the City of Hamilton's ongoing commitment to brownfield development.

City Takes Proactive Approach On Brownfields

The City of Hamilton has a large older industrial area that contains a number of abandoned, idled or under-utilized properties where expansion or re-development may be complicated by real or perceived environmental contamination, building deterioration/obsolescence, and inadequate infrastructure. These properties are commonly referred to as "brownfields."

The City has taken a proactive approach on brownfields, establishing an efficient, standardized process for dealing with site contamination through the planning process. The City also developed a comprehensive plan in 2000 to promote the re-development and re-use of brownfield properties. This plan, known as Environmental Remediation and Site Enhancement (ERASE), contains innovative financial incentive and marketing programs designed to spur brownfield development. The plan will be finalized in early 2001. Because of these and other initiatives, the City of Hamilton is recognized in Canada as being a leader when it comes to facilitating and promoting brownfields re-development and investment.

QUICK FACT

- In the fall of 2000, The Province of Ontario appointed a 14-member expert panel to advise them on ways to promote brownfield development. The panel provided advice in the areas of legislative, financial and planning tools. The City of Hamilton was the only Ontario municipality directly represented on this panel.

A Record Year For Film Activity In Hamilton Area

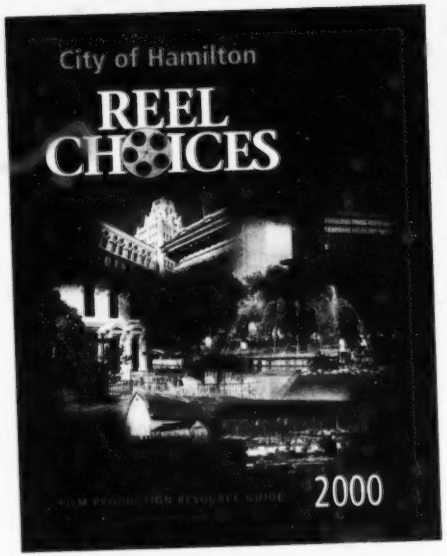
Ontario continued to reach new heights last year, with $1.01 billion production dollars injected into the provincial economy. This was an 8.3 per cent increase in foreign and domestic production over 1999. Combining this total with commercial production, Ontario recognized a total of $1.4 billion of direct spending into the economy.

Last year, the City of Hamilton participated in 40 productions with a total of 285 shoot days. This 20 per cent increase locally includes a diverse cross section of activity from within the production industry.

The feature film "Exit Wounds" filmed for six days in Downtown Hamilton and estimated direct spending of $250,000 into the local economy. Some other notable productions filmed in Hamilton in 2000 include: Finding Forrester, All That Glitters, John Q, The Miracle Worker, and Driven (a complete list is at right).

The Ontario film and television industry, through the "Thank You Toronto, Thank You Ontario" campaign, each year acknowledges the support and patience of neighbourhoods and communities that host location crews. Two local charities received a cash donation of more than $16,000 from this campaign in recognition of Hamilton's record volume of location activity for the year 2000.

The new City of Hamilton strives to offer "Reel Choices, Reel Locations, Reel Service" in a continued effort to attract this thriving economic sector.



Above: A scene from "The Miracle Worker." The Disney production was part of the film activity in the Hamilton area last year. Below: A Saturn automobile commercial was filmed in Downtown Hamilton. Left: The "Reel Choices" Film Production Resource Guide, distributed annually to attract film activity to the area.

HAMILTON ON FILM 2000

Daydream Believers – TV Movie
Finding Forrester – Feature
Laughter on the 23rd Floor – TV Movie
On Their Knees – Feature
Budweiser/Nascar – Commercial
Gertrude Bell: Desert Queen – Documentary
Adidas/CFL – Commercial
Distant Roads – Documentary
History Lands – TV Series
Haven – TV Movie
Planet Feedback – Commercial
Stories Of Hamilton Harbour – Documentary
History Bites – TV Series
The Miracle Worker – TV Movie
Driven – Feature
The Red Green Show – TV Series
Sunny Day in the Park – Music Video
Me & My Shadows – TV Movie
Saturn – Commercial
Cadillac – Commercial
Royal Bank – Commercial
John Q – Feature
Exit Wounds – Feature
Hollywood Casino – Commercial
Paid in Full – Feature
All that Glitters – Feature
Starbucks – Commercial
Travis - Turn CD – Music Video
This is no Time to Run Out of Airtime – Commercial
It's A Fixer Upper – Commercial
Interstate 60 – Feature
Ford – Commercial
Torso – The Evelyn Dick Story – TV Movie
Global Heresy – Feature
Evelyn Dick (Torso Murder) – Documentary
The Famous Jett Jackson – TV Movie
ING Bank – Commercial
Hitched – TV Movie

Tourism Generated Over $307 Million

Tourism in the Regional Municipality of Hamilton-Wentworth is estimated to have generated $307.2 million in 2000, according to a Canadian Tourism Research Institute survey. Visitors to the area came from across Canada, the United States and the world. All overnight visitor spending was included in the report, as well as spending by same-day visitors from other parts of Canada.

Of the $307.2 million spent in 2000, $238.1 million came from domestic visitors. U.S. visitors were estimated to have spent $31.9 million while overseas visitors spent $17.2 million. The largest share of all visitor expenditures, $156.2 million, was attributed to public transportation. The public transportation spending attributed to tourism in Hamilton includes only payments made to Canadian transportation carriers.

Pier 4 Park, with its attractive boardwalk, is one of the jewels of the Hamilton Harbour.

Impact Comparison With 1999

Even though the associated travel-related spending and economic benefits of tourism in Hamilton-Wentworth increased significantly between 1999 and 2000, the effective change on local employment was less dramatic. The main reason for this divergence was that in real terms, travel spending grew by a modest 1.7 per cent.

Under-performance in the tourism industry has been evident in Ontario and, to varying degrees, across Canada the past few years. The extent to which travel prices have increased, since 1998 in particular, has had a negative impact on Canada's travel industry. Recent gasoline price increases and airline consolidation have only accentuated the problem. Coupled with the rather poor summer weather, the consensus is that tourism actually declined in Ontario for 2000.

In the future, tourism in the region is poised to benefit more from increased air access, once passenger's final destinations are drawn towards the local community. The short-term travel outlook for Ontario, however, remains conservative as economic conditions are expected to weaken in 2001 while travel costs are still projected to escalate.

HAMILTON-WENTWORTH TOURISM EXPENDITURES, 2000
(Millions of Dollars)

Expenditure Category	Spending ($)	% of Total
Public Transportation	156.2	50.9
Rental Cars	3.7	1.2
Private Transportation	32.6	10.6
Local Transportation	2.7	0.9
Accommodation	20.4	6.6
Food & Beverage (at stores)	10.5	3.4
Food & Beverage (at restaurants/bars)	34.0	11.1
Recreation/Entertainment	12.1	3.9
Retail	34.9	11.4
Total	**$307.2**	**100.0**

Sources: International Travel Survey and Canadian Travel Survey, Statistics Canada; Canadian Tourism Research Institute. Visitor spending on retail purchases was the second largest spending category at $34.9 million while spending at restaurants/bars was the third most significant at $34.0 million. Visitors to Hamilton-Wentworth also spent $20.4 million on accommodation and $12.1 million on recreation and entertainment within the area.

Visitor Expenditure Comparison With 1999

Total visitor spending attributed to tourism during 2000 in the Regional Municipality of Hamilton-Wentworth was estimated to have grown by 7.3 per cent over the $286.2 million spent in 1999. The increase is attributed mainly to the 8 per cent increase in domestic visitor spending and the 7 per cent increase in overseas visitor spending.

Spending by U.S. visitors was estimated to have increased by a more modest 2.2 per cent. After adjusting for inflation, or more specifically travel prices, real travel spending is estimated to have increased by a much more modest 1.7 per cent over 1999.

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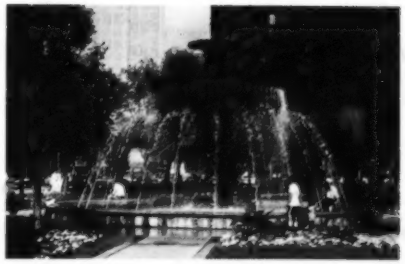

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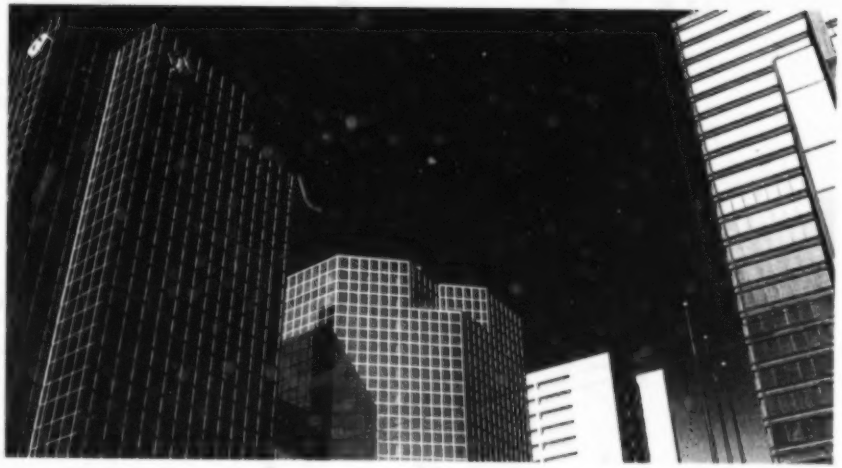
In the future, tourism in the region is poised to benefit more from increased air access, once passenger's final destinations are drawn towards the local community. The short-term travel outlook for Ontario, however, remains conservative as economic conditions are expected to weaken in 2001 while travel costs are still projected to escalate.

Although 2000 was another very good year for the Greater Hamilton economy, the projections for continued growth in the upcoming year are considerably less optimistic. This conclusion is based on a number of external factors that will have a direct and immediate impact on the local economy. If you consider that the majority of economists believe that the stock market is the most accurate barometer of how the economy will perform in the next six months – then the new City of Hamilton, Ontario and the rest of Canada are in for a very "bumpy ride."

Does this indicate a recession is inevitable? Technically, a recession is two consecutive quarters of negative growth. But when the American and Canadian economies have operated in high gear for so long, any immediate reduction in growth rates (from +6 per cent down to 2.5 per cent) will ultimately produce recession-like conditions. This is why most corporations are issuing profit warnings for the upcoming quarters and financial institutions are quickly increasing their loan loss provisions for 2001.

The Fed's targeted growth rate for "optimal performance" of the American economy is 3.5 per cent and they have repeatedly indicated that they'll continue to adjust rates until it is achieved. Even so, many analysts are still predicting economic growth rates in the United States to slow to a range of 2.5 per cent to 3 per cent for 2001.

These rates are slightly lower than those forecasted for Canada, which are pegged between 3 per cent to 3.5 per cent for the upcoming year because of the structural differences in the economies and a lag effect associated with the Canadian business cycle.



So, what happened that finally put the brakes to the longest and most spectacular growth cycle in decades? To answer this, you have to consider what impacted strong consumer confidence and strong business investment, the two principle factors that powered this boom. And, the answer is – a simultaneous combination of three developments; 1) a growing energy shock (not only in oil but natural gas and electricity as well) that effects costs for both business and consumers; 2) a huge increase in inventories in the third quarter of 2000, especially in the steel and automotive sectors; and 3) the slowdown in technology spending and the dramatic "dot.com" shakedown.

Unfortunately, there is no immediate solution that exists for either the energy or the technology related issues. The problem of huge inventories, on the other hand, may only be "technical" and short-lived while companies on both sides of the border adjust their production to match more sustainable growth rates.

Does the U.S slowdown and all of these macroeconomic factors really impact our local economy? They most certainly do. Just consider that in 1999 exports to the United States constituted in excess of 40 per cent of Ontario's total output and that the new City of Hamilton is one of the province's leading exporting municipalities. And, the issue of huge inventories is one that hits very close to home with local warehouses and service centres literally bursting with steel. These large inventories reflect not only locally manufactured product, but also a much more serious problem, which is the seemingly unstoppable flood of cheap steel imports.

The magnitude of this problem is evident in the announcement by Cleveland-based steel giant LTV, which filed for Chapter 11 bankruptcy protection on December 29, 2000. Many industry analysts are predicting a similar fate this year for other integrated steel mills in the North American marketplace. To nobody's surprise then, steel-related and exporting firms in Hamilton aren't likely to perform at levels anywhere close to the past few years even with the favourable exchange rate.

From a municipal perspective, a prolonged downturn and the potential of a recession could have significant repercussions on the financial health of the new City of Hamilton. Especially in light of the fact that the province of Ontario over the last few years has downloaded the entire responsibility for roads, ambulances and social service costs (i.e. General Welfare Assistance) to the municipalities.

However, there still remains plenty of room for optimism in 2001 and here are some of the reasons why:

- The new City of Hamilton's economy is more diversified and less dependent on steel than it has been in previous downturns.
- Falling interest rates should sustain new residential construction and will benefit the competitive position of local business.
- John C. Munro Hamilton International Airport and its related infrastructure investments (i.e. new Highway 6) will position it as a major economic development engine.
- Canada's Federal government has introduced tax relief in 2001 in the form of personal income tax reductions and cuts to capital gains both of which should increase disposable incomes and boost consumer confidence and spending, in relative terms.

In summary, the performance of the new City of Hamilton's economy in the upcoming year will fall short of levels realized in the late 1990s and 2000. But to what extent is almost entirely a function of the aforementioned "bumpy ride."

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